Incentives for Historic Preservation - Recommendation of the Historic Preservation Commission

Approved December 12, 2002

Justification for Providing Incentives

The benefits of preserving historic properties have been demonstrated and documented nationwide. Preserving the history of a place by maintaining and reusing its historic properties gives a community a unique identity. Culturally a community is richer for retaining a tangible presence of past eras and periods of development.

Reinvestment and upkeep of historic properties contributes to increased property values and tax revenues. Private investment in and rehabilitation of historic structures supports broader community revitalization and improvement goals and can serve as a stimulus for others to make investments in their properties. There are environmental benefits in repairing and recycling historic buildings rather than demolishing and disposing of their materials. Developmentally a community benefits from having a concerted and well-defined plan for protecting historic community character while accommodating healthy growth.

Preserving historically significant properties is consistent with City Council Broad Goal B-Preserve the Character of Scottsdale. Historic preservation supports tourism and assists economic development programs and efforts by enhancing the diversity and interest of an area, by augmenting the experience, and by serving as an additional attraction for visitors. It is Scottsdale's historic properties that gives the community much of its personality and sets it apart from other tourist destinations. Rehabilitated historic buildings and areas also offer economic opportunities as focal points for redevelopment and links to cultural heritage tourism. Further, the historic preservation program has the unique opportunity to assist the downtown revitalization efforts because many existing and potential historically significant properties are located in the downtown area. Also, future opportunities for assisting in revitalization efforts through the program will apply to other areas that may be selected as historically significant, like residential neighborhoods.

The underlying premise for developing a comprehensive package of historic preservation incentives is the recognition that Scottsdale's historic resources are valuable assets for the entire community. It is important that the city offer a range of programs and activities to maximize the public and private benefits of preservation because historic preservation adds measurably to the quality of life in the community. Incentives encourage good preservation practices and are an important part of effectively supporting preservation work. Implementing public policies favoring historic preservation and providing financial benefits both encourages property owners to accept the regulation that comes with historic designation and, once designated, supports the continued reuse and reinvestment in their properties.

Most successful Historic Preservation (HP) programs today include incentives as part of their program's operations. Providing benefits for designation offsets the perceived "burdens" that HP designation and regulation may impose. Thus, making a city's HP activities legally more defensible. More importantly, incentives provide support, in a variety of ways, to assist property

owners in maintaining and preserving buildings and areas. Ensuring the continued well-being of HP properties is important for they enhance the quality of life in and distinctive character of Scottsdale which sets Scottsdale apart from other places and serving both to attract visitors and as a point of pride for residents.

Recommended Incentives to Support Scottsdale's Historic Preservation Program

Through the historic preservation program, the City currently provides a myriad of assistance tailored to the specific needs of designated properties on the Scottsdale Historic Register. This assistance has already started to create a general awareness by property owners of the City's commitment to and the benefits of historic preservation. The objective is to build on the good start that has been made through the use of existing incentives to expand the incentives available to support historic preservation efforts in the community. The Historic Preservation Commission (Commission) believes that a broad array of incentives needs to be made available for the program to be a success and to make a difference in the community. A range of potential incentives was reviewed. The Commission recommends incentives be provided in four categories:

- Technical.
- Promotional,
- Developmental, and
- Financial.

The Commission understands it is not possible or appropriate to recommend that all the identified incentives be made available immediately. Incentives should be phased in over time as the program expands and as historic preservation gains support in the community and with property owners. Implementation time frames for incentives are divided into three phases:

- Existing Incentives- these are incentives that are currently provided.
- New Incentives- these are incentives the Commission recommends be made available in the near term.
- Future Incentives- these incentives would be considered at a future date. Future incentives are critical to enable the City to offer a comprehensive range of incentives that are necessary to support a successful historic preservation program.

Technical Assistance Category- The focus of these incentives is to provide property owners information and the benefit of staff's expertise and the technical expertise of others related to maintaining, rehabilitating, or restoring designated properties.

<u>Professional design, planning, grant writing, and other assistance (Existing Incentive)</u>- For historic properties, as well as for properties that have historic designation potential, staff assist the owner with evaluating the property, its reuse potential, and issues that are confronted with the structure(s) and with long term planning considerations and funding opportunities for the property. Staff will

also assist property owners with both voluntary and required public notification, participation and information processes.

<u>Historic Preservation plans (Existing Incentive)</u>- For each property designated historic, and placed on the Scottsdale Historic Register, a historic preservation plan is prepared. The purpose of the plan is to define public actions and commitments to assist private owners in the effort to preserve the features of the property that give it historic significance.

<u>Building condition assessments (Existing Incentive)</u>- A key element of each historic preservation plan is the preparation of a building condition assessment report. This report, prepared by architects and engineers, analyzes each building's condition and identifies possible maintenance items and upgrades to improve functional and operating efficiencies. Each report includes cost estimates associated with the work as well as cost estimates for restoration and conversion to other uses where this is an important consideration. This information assists owners in developing maintenance, rehabilitation and other future plans for the buildings. The information in these reports is critical to developing an assistance program for the property. This activity is funded by the city as an ongoing activity.

<u>Tax credit considerations (Existing Incentive)</u>- For properties listed on the National Register of Historic Places, federal income tax credits are available based on the investment that is made in the property for eligible improvements. Staff provide valuable assistance to property owners seeking these credits by assisting with the preparation of applications, ushering the application through the state and federal processes and with understanding technical aspects of the program.

<u>HP Resource Guide (New Incentive)</u>- The city is in the early stages of creating a resource center in the Preservation Division. This center would provide such items as technical publications, contractor information sheets, product supply information, building materials samples, etc. to assist property owners and building professionals in planning and undertaking improvements to properties. Workshops may be conducted and how to booklets developed to help individuals learn how to use construction materials and techniques unique to historic structures.

Promotional Incentives Category- Incentives in this category are designed to increase awareness and appreciation for properties on the Scottsdale Historic Register.

<u>Plaque and marker program (Existing Incentive)</u>- This is a program that was initiated many years ago. Plaques and markers will be considered on a case-by-case basis based on property owner interest and the importance of highlighting the significance of a specific property, where appropriate. This program provides the owner a marketing opportunity and the community an additional tourism venue.

<u>Brochures</u>, <u>publications</u>, <u>articles</u>, <u>videos</u> (<u>Existing Incentive</u>)- Properties listed on the Scottsdale Historic Register may be included in promotional and marketing materials that are prepared and disseminated by the City and the Scottsdale Historical Society. The City has developed a brochure that highlights and celebrates properties on the Scottsdale Historic Register. The city's

web site is being enhanced to provide greatly increased information on the City's historical preservation program.

<u>Walking tours and special events (Existing Incentive)</u>- From time to time events will be scheduled to celebrate and to acknowledge the historic heritage of the community. Historic properties are often highlighted during these events. This activity has provided the City an opportunity to partner with community groups such as the Scottsdale Historical Society, and to gain recognition for and public awareness of the City's historic preservation program in general.

Developmental Category - This category of incentives addresses the unique situation and needs of HP properties with respect to City review processes and building, zoning and development codes.

<u>Density transfer/Natural Area Open Space (NAOS) reductions (Existing Incentive)</u>- Existing City ordinances provide special provisions that permit owners of HP designated properties in the downtown the ability to transfer density from a designated property to another property. There is also a provision in the Environmentally Sensitive Lands (ESL) Ordinance that provides a bonus by reducing the NAOS that is required when an historical or archaeological site is preserved.

<u>Fee Waivers (New Incentive)</u>- The processing fees typically charged for a rehabilitation/restoration project would be waived for eligible historic properties. This incentive is designed to both provide owners an additional justification to accept designation and as an encouragement to invest in a historic property.

<u>Expedited reviews/inspections (New Incentive)</u>- This incentive is viewed as another tool to encourage property owners to consent to designating their property HP. Because expedited reviews/inspections serve to shorten the development time frame, this incentive provides a potential financial benefit to the property owner.

<u>Establish special building codes (New Incentive)</u>- It is often difficult, costly and inappropriate to bring historic properties up to code. Adopting provisions considerate of the unique character of historic properties, such as the Uniform Code for Building Conservation from ICBO (International Conference of Building Officials), provides a more flexible set of standards and requirements while ensuring safety and other important building considerations are satisfactorily addressed. It is important that building codes be flexible so that rehabilitations/restorations and alterations do not negatively impact the physical integrity of the resource.

Financial Category- Financial incentives are focused on creating a partnership between the City and property owners to ensure eligible designated historic properties are maintained, and to provide assistance for the rehabilitation of properties that achieve community redevelopment and economic development objectives.

<u>Rehabilitation grants (Future Incentive)</u>- Rehabilitation grants are an effective tool for the City to partner with property owners to complete maintenance and upgrading activities. Need and clear benefit would need to be demonstrated before this type of grant would be awarded.

<u>Establish HP reinvestment fund (Future Incentive)</u>- This incentive would involve establishing a fund dedicated to providing financial assistance for eligible HP designated properties to ensure they are maintained in a satisfactory condition to preserve the integrity of the property. The successful formation of this incentive may eliminate the need for other incentives such as rehabilitation grants.

<u>City Acquisition (Future Incentive)</u>- For unique, one of a kind properties, the City should consider acquisition as a last tool to save HP properties that are imminently threatened by demolition. Specific criteria need to be established. The overall objective would be to ensure the preservation of significant HP resources that have community-wide or broader appeal or other outstanding quality from either a design, historic or economic benefit.

<u>Tax Rebates (New Incentives)</u>- Improvements planned to a designated historic property may be considered for City tax rebates. Maintaining and/or improving designated historic properties has significant benefit to the community. The city should consider rebates for a specific period of time of a portion of the new taxes that will be generated from a renovation of a historic property where a significant public benefit can be demonstrated and where the proposed use of the rebated funds is for improvements that have public benefit.

<u>HP Priority (Existing/New Incentive)</u>- The program to assist downtown property owners with part of the cost of fire sprinklers, called Project Impact, gives first priority for funding to properties listed on the Register. Future grants or other programs could also give priority to historic properties.

Eligibility for Incentives

The Commission identified a comprehensive list of incentives that are recommended to support the community's historic preservation program. The level of incentive that will be available to a particular HP property will be based on the specific characteristics and intrinsic value of the property, its needs and its contribution to the achievement of community goals. The most significant incentives will be reserved for the most unique and best quality HP properties or those that augment economic development objectives and enhance Scottsdale as a tourism destination. Properties designated by City Council as Landmarks due to their exceptional historic significance should be eligible for the most significant incentives.

The attached chart displays and briefly describes each recommended incentive, indicates the status of the incentive, identifies which incentives would be available for the different types of HP properties, and shows the number of properties currently eligible for each incentive. It is important to note the number of eligible properties will grow over time as the City Council places additional properties on the Scottsdale Historic Register.

COMPREHENSIVE HISTORIC PRESERVATION INCENTIVE PROGRAM

Year	Recommended Incentives	Type	Estimated Cost	Comments	Eligible Properties
	All HP Designated Properties				
Existing Incentive	Professional design, planning, grant writing, etc. assistance	Technical	Minimal, staff time mostly	This has been an extremely effective and valuable service to property owners	13
Existing Incentive	Historic Preservation plans	Technical	No cost	Required by HP Ordinance for all designated properties	13
Existing Incentive	Building conditions assessments	Technical	Budgeted	Key element of historic preservation plan, significant interest in this by property owners	13
Existing Incentive	Assist property owner with designations and tax credit considerations (State/Federal tax credits)	Technical	Staff time	Capitalizes on the existing historic preservation officer's expertise/contacts in these areas	10
Existing Incentive	Place historic plaques on the building	Promotional	Budgeted	This incentive could be provided in cooperation with property owners	13
Existing Incentive	Brochures, publications, articles, videos	Promotional	Budgeted	These are used to get the word out and also serve as valuable educational tools	13
Existing Incentive	Walking tours and special events	Promotional	Budgeted	These are often in partnership with the Scottsdale Historical Society	13
New Incentive	Prepare HP resource guide	Technical	Staff time	This will be a work program item in 2003	13
Existing Incentive	Priority for programs/funding for HP owners	Financial	Varies by program	Project Impact gives priority to historic properties. Future programs could do the same.	13
	HP Properties with specific restoration/preservation needs				
Existing Incentive	Density transfer/NAOS reductions	Developmental	No cost	Density transfer exists for HP designated properties in downtown, NAOS reductions available in ESL areas	8
New Incentive	Waive/reduce city fees	Developmental / Financial	Project specific, reduced fees	Establish Council policy for HP properties	13
New Incentive	Expedited reviews/inspections	Developmental	Project specific, staff time	Dev. Review staff and inspectors involved	10
New Incentive	Establish special building codes	Developmental	Staff time	Modifying codes will be an incremental process, will require Council action	13
Future Incentive	Rehabilitation grants	Financial	Estimated cost \$75,000/yr	Project specific based on extent and type of need, Establish Council policy	13
Future Incentive	Establish HP reinvestment fund	Financial	Project specific, % construction	Similar to 1% for the arts, establish Council policy	13
	Threatened HP Properties				
Future Incentive	City Acquisition	Financial	Property specific	Establish Council policy, reserved for unique properties	0
	Unique/Revenue Generating HP Properties				
New Incentive	Tax Rebates	Financial	Property specific new revenue only	Establish Council policy, rebates would be on a case by case basis	1-2